



MORGAN COUNTY, MISSOURI

TWO YEARS ENDED DECEMBER 31, 1998

**From The Office Of State Auditor  
Claire McCaskill**

Report No. 99-108  
November 10, 1999

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

November 1999

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Morgan, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also perform a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

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This audit of Morgan County was a financial and compliance audit of various county operating funds.

- < The county overspent the budget in some funds. The audit recommended officials not authorize warrants in excess of budgeted expenditures. In addition, the county did not prepare budgets for some funds.

The audit also includes some other matters upon which the county should consider and take appropriate corrective action.

**Copies of the audit are available upon request.**

YELLOW SHEET

MORGAN COUNTY, MISSOURI

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## FINANCIAL SECTION



## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

To the County Commission  
and  
Officeholders of Morgan County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 1998 and 1997, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

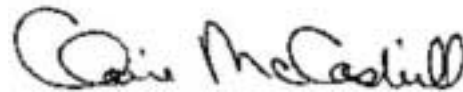
The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Morgan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Morgan County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Morgan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 1998 and 1997, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than generally accepted accounting principles.

Morgan County, Missouri has not presented the disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, as

amended by Governmental Accounting Standards Board Technical Bulletin 99-1, that the Governmental Accounting Standards Board has determined are necessary to supplement, although not be a part of, the basic financial statements. In addition, we do not provide assurance that the county is or will become year 2000 compliant, that the county's year 2000 remedial efforts will be successful in whole or in part, or that parties with which the county does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we also have issued our report dated June 16, 1999, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

June 16, 1999 (fieldwork completion date)



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Morgan County, Missouri

We have audited the special-purpose financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated June 16, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Morgan County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as finding number 98-1. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the county in the accompanying Letter on Other Matters.

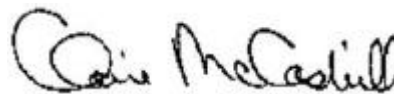
Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Morgan County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the county's ability to record, process, summarize, and report financial data consistent with the assertions

of management in the special-purpose financial statements. The reportable condition is described in the accompanying Schedule of Findings as finding number 98-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above, finding number 98-1 to be a material weakness.

This report is intended for the information of the management of Morgan County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

June 16, 1999 (fieldwork completion date)

## Financial Statements

## Exhibit A-1

MORGAN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1998

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 574,014	1,552,878	1,463,657	663,235
Special Road and Bridge	772,898	1,436,729	1,654,526	555,101
Assessment	0	279,133	279,038	95
Law Enforcement Training	3,171	3,378	3,317	3,232
Prosecuting Attorney Training	6,443	793	0	7,236
Johnson Grass	5,949	21,083	4,703	22,329
911	0	351,192	351,192	0
Local Emergency Planning Committee	6,376	2,639	0	9,015
Prosecuting Attorney Delinquent Sales				
Tax Collection	7,893	2,224	16	10,101
Recorder's User Fees	21,015	16,963	18,074	19,904
Domestic Violence	350	788	515	623
Bad Check Collection	27,169	17,143	27,638	16,674
Prosecuting Attorney Library	99	7,651	3,659	4,091
Law Enforcement Sales Tax	0	857,756	729,505	128,251
Neighborhood Improvement District				
Debt Service	664,835	874,749	527,745	1,011,839
Neighborhood Improvement District				
Maintenance	343,758	22,806	205,854	160,710
Sheriff Fees	8,143	34,005	35,345	6,803
POST	1	2,041	2,042	0
Neighborhood Improvement District 135-12				
Construction	70,544	1,438,792	1,509,157	179
Neighborhood Improvement District				
TT1/TT1A Construction	43,940	514,459	512,157	46,242
Health Center	218,122	539,479	513,440	244,161
Senate Bill 40	24,735	123,954	114,944	33,745
Circuit Clerk Interest	16,641	4,916	2,353	19,204
Associate Circuit Court Interest	11,503	2,884	1,795	12,592
Neighborhood Improvement District 135-3				
Construction	0	117,817	117,817	0
Neighborhood Improvement District Y-20B				
Construction	0	104,536	92,222	12,314
Sheriff's Drug Seizure	1,508	8	1,516	0
Local Law Enforcement Block Grant	0	36,846	16,659	20,187
K-9 Drug Dog	0	3,184	2,141	1,043
Total	\$ 2,829,107	8,370,826	8,191,027	3,008,906

The accompanying Notes to the Financial Statements are an integral part of this statement.

MORGAN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 1997

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 599,410	1,438,937	1,464,333	574,014
Special Road and Bridge	484,506	1,576,682	1,288,290	772,898
Assessment	0	266,471	266,471	0
Law Enforcement Training	3,194	3,136	3,159	3,171
Prosecuting Attorney Training	5,661	1,704	922	6,443
Johnson Grass	11,710	2,883	8,644	5,949
911	492	307,916	308,408	0
Local Emergency Planning Committee	2,705	3,671	0	6,376
Prosecuting Attorney Delinquent Sales				
Tax Collection	10,036	2,025	4,168	7,893
Recorder's User Fees	22,755	15,962	17,702	21,015
Domestic Violence	628	733	1,011	350
Bad Check Collection	32,694	24,818	30,343	27,169
Prosecuting Attorney Library	227	3,235	3,363	99
Neighborhood Improvement District				
Debt Service	189,467	638,877	163,509	664,835
Neighborhood Improvement District				
Maintenance	329,023	14,735	0	343,758
Sheriff Fees	0	9,739	1,596	8,143
POST	0	73	72	1
Neighborhood Improvement District 135-12				
Construction	347,083	2,506,414	2,782,953	70,544
Neighborhood Improvement District				
TT1/TT1A Construction	0	493,886	449,946	43,940
Health Center	212,293	492,096	486,267	218,122
Senate Bill 40	13,891	100,637	89,793	24,735
Circuit Clerk Interest	13,675	5,420	2,454	16,641
Associate Circuit Court Interest	13,792	3,015	5,304	11,503
Sheriff's Drug Seizure	0	1,508	0	1,508
Local Law Enforcement Block Grant	0	14,956	14,956	0
Courthouse Repair	96	0	96	0
Total	\$ 2,293,338	7,929,529	7,393,760	2,829,107

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Exhibit B

MORGAN COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 GENERAL REVENUE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 232,000	254,309	22,309	171,200	222,843	51,643
Sales taxes	700,000	701,317	1,317	700,000	695,416	-4,584
Intergovernmental	26,500	21,486	-5,014	22,189	29,529	7,340
Charges for services	306,100	331,993	25,893	323,000	338,251	15,251
Interest	38,000	33,383	-4,617	45,000	38,763	-6,237
Other	68,900	161,550	92,650	82,550	74,875	-7,675
Transfers in	48,840	48,840	0	39,260	39,260	0
Total Receipts	1,420,340	1,552,878	#VALUE!	1,383,199	1,438,937	#VALUE!
<b>DISBURSEMENTS</b>						
County Commission	103,736	103,015	721	72,117	72,417	-300
County Clerk	87,732	87,154	578	73,593	72,673	920
Elections	25,700	25,671	29	5,550	9,369	-3,819
Buildings and grounds	33,298	33,211	87	30,558	31,719	-1,161
Employee fringe benefits	42,300	47,319	-5,019	70,900	67,626	3,274
County Treasurer	32,410	32,653	-243	21,959	21,395	564
County Collector	84,025	85,316	-1,291	78,989	78,849	140
Ex Officio Recorder of Deeds	46,758	46,517	241	45,670	44,343	1,327
Circuit Clerk	6,000	4,834	1,166	5,900	5,692	208
Associate Circuit Court	20,522	14,471	6,051	19,710	13,258	6,452
Circuit Judges - Division 1&2	6,989	2,743	4,246	7,215	2,963	4,252
Court administration	5,000	3,000	2,000	2,000	5,000	-3,000
Public Administrator	19,742	22,150	-2,408	13,730	16,799	-3,069
Insurance	22,500	26,523	-4,023	21,000	22,576	-1,576
University Extension Service	27,635	26,619	1,016	27,580	26,072	1,508
Utilities	20,000	19,307	693	23,000	19,033	3,967
Telephone	21,000	20,714	286	20,000	20,486	-486
Equipment	115,000	93,445	21,555	60,000	53,473	6,527
Detention fees	35,000	126,566	-91,566	30,000	33,874	-3,874
Capital Improvement Courthouse	25,000	12,003	12,997	50,000	41,823	8,177
Capital Improvement Annex	3,000	558	2,442	25,000	15,941	9,059
Other	56,266	35,902	20,364	56,178	34,363	21,815
Sheriff	0	0	0	364,985	370,475	-5,490
Jail	0	0	0	72,300	53,818	18,482
Prosecuting Attorney	128,248	119,820	8,428	101,388	98,263	3,125
Juvenile Officer	98,700	70,154	28,546	81,166	74,352	6,814
County Coroner	28,030	15,650	12,380	14,600	7,965	6,635
Transfers out	415,548	388,342	27,206	148,984	149,716	-732
Emergency Fund	42,610	0	42,610	41,500	0	41,500
Total Disbursements	1,552,749	1,463,657	89,092	1,585,572	1,464,333	121,239
RECEIPTS OVER (UNDER) DISBURSEMENTS	-132,409	89,221	#VALUE!	-202,373	-25,396	#VALUE!
CASH, JANUARY 1	574,014	574,014	0	599,410	599,410	0
CASH, DECEMBER 31	\$ 441,605	663,235	#VALUE!	397,037	574,014	#VALUE!

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit C

MORGAN COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SPECIAL ROAD AND BRIDGE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 220,000	253,671	33,671	226,300	218,517	-7,783
Intergovernmental	1,080,000	1,126,146	46,146	1,013,750	1,119,803	106,053
Interest	43,000	51,329	8,329	39,000	42,520	3,520
Equipment sales	100,000	0	-100,000	150,000	186,960	36,960
Other	8,500	5,583	-2,917	9,500	8,882	-618
Total Receipts	1,451,500	1,436,729	-14,771	1,438,550	1,576,682	138,132
<b>DISBURSEMENTS</b>						
Salaries	324,480	316,392	8,088	297,000	290,464	6,536
Employee fringe benefits	45,000	40,129	4,871	44,640	38,802	5,838
Supplies	85,000	65,228	19,772	69,000	92,253	-23,253
Insurance	10,000	11,624	-1,624	10,000	8,029	1,971
Road and bridge materials	145,000	150,062	-5,062	145,000	132,796	12,204
Equipment repairs	30,000	29,718	282	20,000	27,820	-7,820
Equipment purchases	250,000	247,187	2,813	225,000	318,846	-93,846
Construction, repair, and maintenance	500,000	455,097	44,903	325,000	137,283	187,717
CART to special road districts	170,000	179,378	-9,378	155,000	168,072	-13,072
Other	68,650	110,871	-42,221	68,150	34,665	33,485
Transfers out	48,840	48,840	0	39,260	39,260	0
Total Disbursements	1,676,970	1,654,526	22,444	1,398,050	1,288,290	109,760
RECEIPTS OVER (UNDER) DISBURSEMENTS	-225,470	-217,797	7,673	40,500	288,392	247,892
CASH, JANUARY 1	772,898	772,898	0	484,506	484,506	0
CASH, DECEMBER 31	\$ 547,428	555,101	7,673	525,006	772,898	247,892

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit D

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSESSMENT FUND

Year Ended December 31,							
1998				1997			
			Variance Favorable (Unfavorable)			Variance Favorable (Unfavorable)	
	Budget	Actual		Budget	Actual		
RECEIPTS							
Intergovernmental	\$	246,236	255,659	9,423	225,317	216,303	-9,014
Interest		900	1,835	935	850	872	22
Transfers in		45,274	21,639	-23,635	52,216	49,296	-2,920
Total Receipts		292,410	279,133	-13,277	278,383	266,471	-11,912
DISBURSEMENTS							
Assessor		292,410	279,038	13,372	278,383	266,471	11,912
Total Disbursements		292,410	279,038	13,372	278,383	266,471	11,912
RECEIPTS OVER (UNDER) DISBURSEMENTS		0	95	95	0	0	0
CASH, JANUARY 1		0	0	0	0	0	0
CASH, DECEMBER 31	\$	0	95	95	0	0	0

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit E

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT TRAINING FUND

Year Ended December 31,							
1998				1997			
			Variance Favorable			Variance Favorable	
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)	
RECEIPTS							
Charges for services	\$	3,500	3,140	-360	4,200	3,136	-1,064
Interest		0	4	4	0	0	0
Other		0	234	234	0	0	0
Total Receipts		3,500	3,378	-122	4,200	3,136	-1,064
DISBURSEMENTS							
Sheriff		4,600	3,317	1,283	3,600	3,159	441
Total Disbursements		4,600	3,317	1,283	3,600	3,159	441
RECEIPTS OVER (UNDER) DISBURSEMENTS		-1,100	61	1,161	600	-23	-623
CASH, JANUARY 1		3,171	3,171	0	3,194	3,194	0
CASH, DECEMBER 31	\$	2,071	3,232	1,161	3,794	3,171	-623

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit F

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY TRAINING FUND

		Year Ended December 31,					
		1998			1997		
			Variance			Variance	
			Favorable			Favorable	
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
Charges for services	\$	2,000	784	-1,216	2,400	1,704	-696
Interest		0	9	9	0	0	0
Total Receipts		2,000	793	-1,207	2,400	1,704	-696
DISBURSEMENTS							
Training		1,000	0	1,000	1,000	70	930
Transfer to State		1,000	0	1,000	1,200	852	348
Total Disbursements		2,000	0	2,000	2,200	922	1,278
RECEIPTS OVER (UNDER) DISBURSEMENTS							
		0	793	793	200	782	582
CASH, JANUARY 1		6,443	6,443	0	5,661	5,661	0
CASH, DECEMBER 31	\$	6,443	7,236	793	5,861	6,443	582

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit G

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
JOHNSON GRASS FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property taxes	\$ 500	19,949	19,449	19,900	2,244	-17,656
Interest	500	1,125	625	500	434	-66
Other	0	9	9	0	205	205
Total Receipts	1,000	21,083	20,083	20,400	2,883	-17,517
DISBURSEMENTS						
Salaries	4,000	3,990	10	4,150	3,880	270
Office expenditures	250	37	213	250	187	63
Equipment	0	0	0	6,200	3,531	2,669
Other	1,350	676	674	1,100	1,046	54
Total Disbursements	5,600	4,703	897	11,700	8,644	3,056
RECEIPTS OVER (UNDER) DISBURSEMENTS	-4,600	16,380	20,980	8,700	-5,761	-14,461
CASH, JANUARY 1	5,949	5,949	0	11,710	11,710	0
CASH, DECEMBER 31	\$ 1,349	22,329	20,980	20,410	5,949	-14,461

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit H

MORGAN COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 911 FUND

Year Ended December 31,							
1998				1997			
			Variance Favorable (Unfavorable)			Variance Favorable (Unfavorable)	
	Budget	Actual		Budget	Actual		
RECEIPTS							
Intergovernmental	\$	44,000	41,100	-2,900	45,300	43,289	-2,011
Interest		0	137	137	0	307	307
User fees		166,000	177,216	11,216	156,000	168,400	12,400
Other		0	2,680	2,680	0	0	0
Transfers in		115,774	130,059	14,285	92,268	95,920	3,652
Total Receipts		325,774	351,192	25,418	293,568	307,916	14,348
DISBURSEMENTS							
Salaries		242,424	266,225	-23,801	203,668	221,015	-17,347
Office expenditures		20,000	22,863	-2,863	13,500	17,222	-3,722
Equipment		15,000	23,206	-8,206	13,500	13,453	47
Mileage and training		9,500	5,539	3,961	10,500	6,598	3,902
Mapping of county		0	0	0	15,000	22,749	-7,749
Line charges		25,000	25,940	-940	25,000	21,981	3,019
Other		13,850	7,419	6,431	12,400	5,390	7,010
Total Disbursements		325,774	351,192	-25,418	293,568	308,408	-14,840
RECEIPTS OVER (UNDER) DISBURSEMENTS							
		0	0	0	0	-492	-492
CASH, JANUARY 1		0	0	0	492	492	0
CASH, DECEMBER 31	\$	0	0	0	492	0	-492

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit I

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LOCAL EMERGENCY PLANNING COMMITTEE FUND

Year Ended December 31,						
1998				1997		
		Variance			Variance	
	Budget	Favorable		Budget	Favorable	
		(Unfavorable)			(Unfavorable)	
RECEIPTS						
Interest	\$ 200	341	141	100	188	88
Other	3,000	2,298	-702	0	3,483	3,483
Total Receipts	3,200	2,639	-561	100	3,671	3,571
DISBURSEMENTS						
Salaries	2,200	0	2,200	0	0	0
Office expenditures	500	0	500	1,500	0	1,500
Equipment	2,000	0	2,000	0	0	0
Mileage and training	1,160	0	1,160	1,304	0	1,304
Total Disbursements	5,860	0	5,860	2,804	0	2,804
RECEIPTS OVER (UNDER) DISBURSEMENTS	-2,660	2,639	5,299	-2,704	3,671	6,375
CASH, JANUARY 1	6,376	6,376	0	2,705	2,705	0
CASH, DECEMBER 31	\$ 3,716	9,015	5,299	1	6,376	6,375

The accompanying Notes to the Financial Statements are an integral part of this statement.



Exhibit J

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY DELINQUENT SALES TAX COLLECTION

Year Ended December 31,							
1998				1997			
		Variance Favorable (Unfavorable)			Variance Favorable (Unfavorable)		
	Budget	Actual		Budget	Actual		
RECEIPTS							
Intergovernmental	\$	1,500	1,750	250	2,000	1,463	-537
Interest		500	474	-26	500	562	62
Total Receipts		2,000	2,224	224	2,500	2,025	-475
DISBURSEMENTS							
Office expenditures		0	16	-16	0	10	-10
Equipment		2,000	0	2,000	0	4,158	-4,158
Total Disbursements		2,000	16	1,984	0	4,168	-4,168
RECEIPTS OVER (UNDER) DISBURSEMENTS		0	2,208	2,208	2,500	-2,143	-4,643
CASH, JANUARY 1		7,893	7,893	0	10,036	10,036	0
CASH, DECEMBER 31	\$	7,893	10,101	2,208	12,536	7,893	-4,643

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit K

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
RECORDER'S USER FEES FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$	14,650	15,982 1,332	14,000	14,687	687
Interest		1,300	981 -319	1,500	1,275	-225
Total Receipts		15,950	16,963 1,013	15,500	15,962	462
DISBURSEMENTS						
Office expenditures		18,000	18,074 -74	17,000	17,702	-702
Total Disbursements		18,000	18,074 -74	17,000	17,702	-702
RECEIPTS OVER (UNDER) DISBURSEMENTS		-2,050	-1,111 939	-1,500	-1,740	-240
CASH, JANUARY 1		21,015	21,015 0	22,755	22,755	0
CASH, DECEMBER 31	\$	18,965	19,904 939	21,255	21,015	-240

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit L

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
DOMESTIC VIOLENCE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Charges for services	\$	725	750 25		675 700 25	
Interest		30	38 8		35 33 -2	
Total Receipts		755	788 33		710 733 23	
DISBURSEMENTS						
Other		1,010	515 495		1,011 1,011 0	
Total Disbursements		1,010	515 495		1,011 1,011 0	
RECEIPTS OVER (UNDER) DISBURSEMENTS		-255	273 528		-301 -278 23	
CASH, JANUARY 1		350	350 0		628 628 0	
CASH, DECEMBER 31	\$	95	623 528		327 350 23	

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit M

MORGAN COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 BAD CHECK COLLECTION FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Intergovernmental	\$ 7,100	5,482	-1,618	8,000	5,654	-2,346
Charges for services	17,000	10,539	-6,461	17,000	17,525	525
Interest	1,500	1,122	-378	1,500	1,639	139
Total Receipts	25,600	17,143	-8,457	26,500	24,818	-1,682
DISBURSEMENTS						
Salaries	32,665	25,973	6,692	24,380	26,695	-2,315
Office expenditures	3,483	783	2,700	1,262	2,271	-1,009
Mileage and training	1,000	42	958	1,000	613	387
Other	800	840	-40	1,300	764	536
Total Disbursements	37,948	27,638	10,310	27,942	30,343	-2,401
RECEIPTS OVER (UNDER) DISBURSEMENTS	-12,348	-10,495	1,853	-1,442	-5,525	-4,083
CASH, JANUARY 1	27,169	27,169	0	32,694	32,694	0
CASH, DECEMBER 31	\$ 14,821	16,674	1,853	31,252	27,169	-4,083

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit N

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
PROSECUTING ATTORNEY LIBRARY FUND

		Year Ended December 31,					
		1998			1997		
			Variance			Variance	
			Favorable			Favorable	
		Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
RECEIPTS							
Law Library fees	\$	3,200	7,651	4,451	2,000	3,235	1,235
Total Receipts		3,200	7,651	4,451	2,000	3,235	1,235
DISBURSEMENTS							
Law Library		2,500	3,659	-1,159	1,500	3,363	-1,863
Total Disbursements		2,500	3,659	-1,159	1,500	3,363	-1,863
RECEIPTS OVER (UNDER) DISBURSEMENTS		700	3,992	3,292	500	-128	-628
CASH, JANUARY 1		99	99	0	227	227	0
CASH, DECEMBER 31	\$	799	4,091	3,292	727	99	-628

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit O

MORGAN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
LAW ENFORCEMENT SALES TAX FUND

Year Ended December 31,			
1998			
			Variance
			Favorable
	Budget	Actual	(Unfavorable)
RECEIPTS			
Sales tax	\$ 525,000	518,193	-6,807
Charges for services	39,000	5,621	-33,379
Interest	0	1,589	1,589
Other	4,100	100,209	96,109
Transfers in	250,000	232,144	-17,856
Total Receipts	818,100	857,756	39,656
DISBURSEMENTS			
Salaries	329,368	333,700	-4,332
Employee fringe benefits	34,050	33,593	457
Equipment	2,000	1,583	417
Office expenditures	21,000	18,637	2,363
Mileage and training	49,280	44,981	4,299
Jail	68,000	54,372	13,628
Bond payment	225,000	166,407	58,593
Land purchase	50,000	62,958	-12,958
Other	22,000	13,274	8,726
Total Disbursements	800,698	729,505	71,193
RECEIPTS OVER (UNDER) DISBURSEMENTS	17,402	128,251	110,849
CASH, JANUARY 1	0	0	0
CASH, DECEMBER 31	\$ 17,402	128,251	110,849

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit P

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
NEIGHBORHOOD IMPROVEMENT DISTRICT DEBT SERVICE FUND

Year Ended December 31,							
1998				1997			
		Variance			Variance		
		Favorable			Favorable		
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)	
RECEIPTS							
Property tax	\$	261,388	728,316	466,928	180,490	622,375	441,885
Interest		13,600	43,085	29,485	10,800	14,568	3,768
Assessments		21,640	0	-21,640	22,370	0	-22,370
Other		0	103,348	103,348	0	1,934	1,934
Total Receipts		296,628	874,749	578,121	213,660	638,877	425,217
DISBURSEMENTS							
Commissions		21,055	0	21,055	14,588	0	14,588
Payment on bond issue		296,077	392,898	-96,821	161,038	161,038	0
Other		0	134,847	-134,847	0	2,471	-2,471
Total Disbursements		317,132	527,745	-210,613	175,626	163,509	12,117
RECEIPTS OVER (UNDER) DISBURSEMENTS							
		-20,504	347,004	367,508	38,034	475,368	437,334
CASH, JANUARY 1		664,835	664,835	0	189,467	189,467	0
CASH, DECEMBER 31	\$	644,331	1,011,839	367,508	227,501	664,835	437,334

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit Q

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
NEIGHBORHOOD IMPROVEMENT DISTRICT MAINTENANCE FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property tax	\$	26,870	0	15,184	0	-15,184
Interest		14,600	12,406	14,600	14,735	135
Assessments		21,840	0	15,910	0	-15,910
Other		26,500	10,400	250,000	0	-250,000
Total Receipts		89,810	22,806	295,694	14,735	-280,959
DISBURSEMENTS						
Commissions		3,690	0	2,597	0	2,597
Road maintenance		57,500	205,854	57,500	0	57,500
Total Disbursements		61,190	205,854	60,097	0	60,097
RECEIPTS OVER (UNDER) DISBURSEMENTS		28,620	-183,048	235,597	14,735	-220,862
CASH, JANUARY 1		343,758	343,758	329,023	329,023	0
CASH, DECEMBER 31	\$	372,378	160,710	564,620	343,758	-220,862

The accompanying Notes to the Financial Statements are an integral part of this statement.



Exhibit R

MORGAN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
SHERIFF FEES FUND

		Year Ended December 31,		
		1998		
		Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS				
Charges for services	\$	8,000	32,046	24,046
Interest		110	449	339
Other		0	1,510	1,510
Total Receipts		8,110	34,005	25,895
DISBURSEMENTS				
Sheriff		0	33,834	-33,834
Other		0	1,511	-1,511
Total Disbursements		0	35,345	-35,345
RECEIPTS OVER (UNDER) DISBURSEMENTS		8,110	-1,340	-9,450
CASH, JANUARY 1		8,143	8,143	0
CASH, DECEMBER 31	\$	16,253	6,803	-9,450

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit S

MORGAN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
POST FUND

		Year Ended December 31,		
		1998		
				Variance
		Budget	Actual	Favorable
				(Unfavorable)
RECEIPTS				
Charges for services	\$	1,500	2,041	541
Total Receipts		1,500	2,041	541
DISBURSEMENTS				
Other		0	2,042	-2,042
Total Disbursements		0	2,042	-2,042
RECEIPTS OVER (UNDER) DISBURSEMENTS		1,500	-1	-1,501
CASH, JANUARY 1		1	1	0
CASH, DECEMBER 31	\$	1,501	0	-1,501

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit T

MORGAN COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 NEIGHBORHOOD IMPROVEMENT DISTRICT 135-12 CONSTRUCTION FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Interest	\$	200	2,445	2,245	15,000	13,455	-1,545
Proceeds from temporary notes		0	1,429,000	1,429,000	1,040,000	2,491,904	1,451,904
Other		0	7,347	7,347	0	1,055	1,055
Total Receipts		200	1,438,792	1,438,592	1,055,000	2,506,414	1,451,414
DISBURSEMENTS							
Road construction		70,744	1,509,157	-1,438,413	1,400,000	2,782,953	-1,382,953
Total Disbursements		70,744	1,509,157	-1,438,413	1,400,000	2,782,953	-1,382,953
RECEIPTS OVER (UNDER) DISBURSEMENTS		-70,544	-70,365	179	-345,000	-276,539	68,461
CASH, JANUARY 1		70,544	70,544	0	347,083	347,083	0
CASH, DECEMBER 31	\$	0	179	#VALUE!	2,083	70,544	#VALUE!

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit U

MORGAN COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
NEIGHBORHOOD IMPROVEMENT DISTRICT TT1/TT1A CONSTRUCTION FUND

		Year Ended December 31,		
		1998		
				Variance
		Budget	Actual	Favorable
				(Unfavorable)
RECEIPTS				
Interest	\$	2,000	2,409	409
Proceeds from temporary notes		100,000	512,050	412,050
Total Receipts		102,000	514,459	412,459
DISBURSEMENTS				
Road construction		145,940	512,157	-366,217
Total Disbursements		145,940	512,157	-366,217
RECEIPTS OVER (UNDER) DISBURSEMENTS		-43,940	2,302	46,242
CASH, JANUARY 1		43,940	43,940	0
CASH, DECEMBER 31	\$	0	46,242	#VALUE!

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit V

MORGAN COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 HEALTH CENTER FUND

Year Ended December 31,						
1998			1997			
		Variance			Variance	
		Favorable			Favorable	
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
<b>RECEIPTS</b>						
Property taxes	\$ 201,000	216,698	15,698	170,000	175,111	5,111
Intergovernmental	219,831	239,816	19,985	267,030	250,433	-16,597
Charges for services	39,100	45,478	6,378	24,000	36,102	12,102
Interest	12,000	17,564	5,564	8,000	16,953	8,953
Donations	10,000	15,495	5,495	11,000	9,606	-1,394
Other	25,725	4,428	-21,297	28,400	3,891	-24,509
Total Receipts	507,656	539,479	#VALUE!	508,430	492,096	#VALUE!
<b>DISBURSEMENTS</b>						
Salaries	366,000	365,952	48	358,000	353,246	4,754
Office expenditures	41,000	41,032	-32	37,000	38,761	-1,761
Building and Grounds	5,000	2,916	2,084	10,000	5,320	4,680
Equipment	8,000	8,614	-614	6,000	3,013	2,987
Mileage and training	18,000	18,269	-269	19,000	15,559	3,441
Prenatal	14,000	13,094	906	32,000	29,122	2,878
Family Planning	16,000	20,692	-4,692	16,750	14,457	2,293
Other	39,656	42,871	-3,215	23,680	26,789	-3,109
Total Disbursements	507,656	513,440	#VALUE!	502,430	486,267	#VALUE!
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	26,039	#VALUE!	6,000	5,829	#VALUE!
CASH, JANUARY 1	218,122	218,122	0	212,293	212,293	0
CASH, DECEMBER 31	\$ 218,122	244,161	#VALUE!	218,293	218,122	#VALUE!

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit W

MORGAN COUNTY, MISSOURI  
 COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
 SENATE BILL 40 FUND

Year Ended December 31,						
	1998			1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Property tax	\$ 110,000	120,426	10,426	99,000	97,710	-1,290
Interest	2,000	2,328	328	1,000	1,827	827
Grant for Education	1,200	1,200	0	1,200	1,100	-100
Total Receipts	113,200	123,954	10,754	101,200	100,637	-563
DISBURSEMENTS						
Wonderland Camp	8,250	8,250	0	5,000	5,000	0
Quality Industries	56,600	60,850	-4,250	51,000	51,000	0
Stover Development	12,044	12,912	-868	12,600	12,600	0
Morgan Co. Mental Health	5,778	5,778	0	0	0	0
Special Olympics	3,200	0	3,200	1,500	1,500	0
Central Mo. Regional I/ILS	7,358	7,358	0	7,000	7,000	0
Lake Ozark Development Center	15,000	14,500	500	17,000	12,000	5,000
Center for Human Services	4,000	850	3,150	0	0	0
Special Grant for Education	3,733	3,273	460	0	0	0
Emergency	2,000	500	1,500	0	0	0
Other	1,500	673	827	800	693	107
Total Disbursements	119,463	114,944	4,519	94,900	89,793	5,107
RECEIPTS OVER (UNDER) DISBURSEMENTS	-6,263	9,010	15,273	6,300	10,844	4,544
CASH, JANUARY 1	24,735	24,735	0	13,891	13,891	0
CASH, DECEMBER 31	\$ 18,472	33,745	15,273	20,191	24,735	4,544

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit X

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
CIRCUIT CLERK INTEREST FUND

Year Ended December 31,						
1998				1997		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS						
Interest	\$ 5,500	4,916	-584	4,100	5,420	1,320
Total Receipts	5,500	4,916	-584	4,100	5,420	1,320
DISBURSEMENTS						
Office supplies	0	2,353	-2,353	5,000	2,454	2,546
Total Disbursements	0	2,353	-2,353	5,000	2,454	2,546
RECEIPTS OVER (UNDER) DISBURSEMENTS	5,500	2,563	-2,937	-900	2,966	3,866
CASH, JANUARY 1	16,641	16,641	0	13,675	13,675	0
CASH, DECEMBER 31	\$ 22,141	19,204	-2,937	12,775	16,641	3,866

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit Y

MORGAN COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL  
ASSOCIATE CIRCUIT COURT INTEREST FUND

		Year Ended December 31,					
		1998			1997		
		Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
RECEIPTS							
Interest	\$	3,000	2,884	-116	3,200	3,015	-185
Total Receipts		3,000	2,884	-116	3,200	3,015	-185
DISBURSEMENTS							
Office expense		2,500	1,795	705	6,000	5,304	696
Total Disbursements		2,500	1,795	705	6,000	5,304	696
RECEIPTS OVER (UNDER) DISBURSEMENTS		500	1,089	589	-2,800	-2,289	511
CASH, JANUARY 1		11,503	11,503	0	13,792	13,792	0
CASH, DECEMBER 31	\$	12,003	12,592	589	10,992	11,503	511

The accompanying Notes to the Financial Statements are an integral part of this statement.



## Notes to the Financial Statements

MORGAN COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Morgan County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission, an elected county official, the Morgan County Health Center Board, or the Senate Bill 40 Board. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from generally accepted accounting principles, which require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 1994 and RSMo Cumulative Supp. 1998, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Sheriff Fees Fund	1997
POST Fund	1997
Neighborhood Improvement District TT1/ TT1A Construction Fund	1997
Neighborhood Improvement District 135-3 Construction Fund	1998
Neighborhood Improvement District Y-20B Construction Fund	1998
Sheriff's Drug Seizure Fund	1998 and 1997
Local Law Enforcement Block Grant Fund	1998 and 1997
K-9 Drug Dog Fund	1998
Courthouse Repair Fund	1997

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
911 Fund	1998 and 1997
Recorder's User Fees Fund	1998 and 1997
Bad Check Collection Fund	1997
Prosecuting Attorney Library Fund	1998 and 1997
Neighborhood Improvement District Debt Service Fund	1998
Neighborhood Improvement District Maintenance Fund	1998
Sheriff Fees Fund	1998
POST Fund	1998
Neighborhood Improvement District 135-12 Construction Fund	1998 and 1997
Neighborhood Improvement District TT1/TT1A Construction Fund	1998
Health Center Fund	1998
Circuit Clerk Interest Fund	1998

Section 50.740, RSMo 1994, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 1994, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Sales Tax Fund	1998
Health Center Fund	1998 and 1997
Senate Bill 40 Fund	1998 and 1997
Circuit Clerk Interest Fund	1998 and 1997
Associate Circuit Court Interest Fund	1998 and 1997
Neighborhood Improvement District 135-3 Construction Fund	1998
Sheriff's Drug Seizure Fund	1998 and 1997
Local Law Enforcement Block Grant Fund	1998 and 1997
Courthouse Repair Fund	1997

2. Cash

Section 110.270, RSMo 1994, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo Cumulative Supp. 1998, effective August 28, 1997, requires political subdivisions with existing authority to invest in instruments other than

depository accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 1998 and 1997, were entirely covered by federal depository insurance or by collateral securities held by the county's custodial bank in the county's name.

The Health Center Board's deposits at December 31, 1998 and 1997, were entirely covered by federal depository insurance or by collateral securities held by the health center's custodial bank in the health center's name. The Senate Bill 40 Board's deposits at December 31, 1998 and 1997 were entirely covered by federal depository insurance.

### 3. Use Tax Liability

The local use tax under Section 144.748, RSMo 1994, was struck down in its entirety by the Missouri Supreme Court in *Associated Industries of Missouri v. Director of Revenue*, 918 S.W.2d 780 (Mo. banc 1996). In *St. Charles County v. Director of Revenue*, 961 S.W.2d 44 (Mo. banc 1998), the Missouri Supreme Court ruled that local use taxes paid prior to the repeal of Section 144.748, RSMo 1994, must be refunded to taxpayers and authorized the Department of Revenue (DOR) to withhold amounts otherwise due to political subdivisions to the extent such withholding is necessary to cover the refund expense. On March 24, 1998, the Cole County Circuit Court entered final judgment in accordance with the Supreme Court's opinion and ordered the DOR to process refund claims filed.

The county has received \$134,158 in local use tax since its inception. The DOR has estimated the county's share of the total refund liability to be \$61,413. As of December 31, 1998, \$26,532 remains to be paid.

Schedule

MORGAN COUNTY, MISSOURI  
SCHEDULE OF FINDINGS  
YEARS ENDED DECEMBER 31, 1998 AND 1997

This schedule includes the audit finding that *Government Auditing Standards* requires to be reported for an audit of financial statements.

<b>98-1.</b>	<b>Budgetary Procedures</b>
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A. Actual expenditures exceeded budgeted amounts in various funds by the following amounts:

Fund	Year Ended December 31,	
	1998	1997
911	\$ 25,418	14,840
Recorder's User Fees	74	702
Bad Check Collection	N/A	2,401
Prosecuting Attorney Library	1,159	1,863
Neighborhood Improvement District		
Debt Service	210,613	N/A
Neighborhood Improvement District		
Maintenance	144,644	N/A
Sheriff Fees	35,345	N/A
POST	2,042	N/A
Neighborhood Improvement District 135-12		
Construction	1,438,413	1,382,953
Neighborhood Improvement District		
TT1/TT1A Construction	366,217	N/A
Health Center	5,784	N/A
Circuit Clerk Interest	2,353	N/A
Total	\$ <u>2,232,062</u>	<u>1,402,759</u>

It was ruled in State ex. rel. Strong v. Cribb, 364 Mo. 1122, 273 SW2d 246 (1954), that strict compliance with the county budget law is required by county officials. If there are valid reasons which necessitate excess expenditures, amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's Office. In addition, Section 50.622, RSMo Cum. Supp. 1997, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend the budget.

B. The following expenditures were made from various funds that did not have a formal budget prepared:

Fund	Year Ended December 31,	
	1998	1997
Sheriff Fees	\$ N/A	1,596
POST	N/A	72
Neighborhood Improvement District		
TT1/TT1A Construction	N/A	449,946
Sheriff's Drug Seizure	1,516	0
Local Law Enforcement Block Grant	16,659	14,956
Courthouse Repair	N/A	96
Neighborhood Improvement District 135-3		
Construction	117,817	N/A
Neighborhood Improvement District Y-20B		
Construction	92,222	N/A
K-9 Drug Dog	2,141	N/A
Total	\$ <u>230,355</u>	<u>466,666</u>

Chapter 50, RSMo 1994, requires preparation of annual budgets to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds and activities, the County Commission is able to more efficiently evaluate all county financial resources. According to Section 50.530, RSMo 1994, the County Clerk is the budget officer. The County Clerk needs to implement procedures to ensure all funds are budgeted. These procedures need to include requesting and obtaining budgets for funds controlled by other county officials.

- C. Most of the budget concerns we noted pertained to Neighborhood Improvement District (NID) funds. Budgets prepared and approved by the County Commission for the NID Debt Service, Maintenance, and Construction Funds did not always present accurate financial information in that the amounts budgeted for receipts and disbursements varied significantly from actual amounts.

Failure to present accurate financial information decreases the effectiveness of the budget as a management tool. To be of maximum benefit to the county and its taxpayers, a complete and accurate budget document should be prepared.

**WE RECOMMEND** the County Commission and County Clerk implement procedures to ensure:

- A. Budgets are prepared or obtained for all funds.
- B. Budgets are properly amended if necessary, and expenditures are kept within budgetary limits.
- C. Budgets prepared for the NID funds reflect more accurate estimates.

**AUDITEE'S RESPONSE**

- A. *The County Commission and County Clerk will work together to try to ensure budgets are prepared or obtained for all funds.*
- B. *The County Commission and County Clerk will amend budgets as needed.*
- C. *The County Commission and County Clerk indicated these funds are difficult to budget in the year of construction and until bonds are sold. However, they will try to prepare more accurate estimates and properly amend the budgets as needed.*



## Follow-Up on Prior Audit Findings

MORGAN COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Morgan County, Missouri, on a certain finding in our prior audit report issued for the two years ended December 31, 1996. The finding is the one that *Government Auditing Standards* requires to be reported for an audit of financial statements.

2.     Budgetary Procedures

Actual disbursements exceeded budgeted amounts in several funds.

Recommendation:

The County Commission and Senate Bill 40 Board keep expenditures within budgetary limits. If necessary, extenuating circumstances should be fully documented and budgets properly revised and filed with the State Auditor's Office.

Status:

Partially implemented. Although the Senate Bill 40 Board kept expenditures within budgetary limits, several other funds had disbursements in excess of budgeted amounts during the current audit period. See Schedule of Findings No. 98-1.

## SECTION ON OTHER MATTERS

## MORGAN COUNTY, MISSOURI LETTER ON OTHER MATTERS

We have audited the special-purpose financial statements of various funds of Morgan County, Missouri, as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated June 16, 1999.

We did not review the operations of elected officials with funds other than those presented in the special-purpose financial statements. The operations of such officials will be reviewed and reported on during the state auditor's next scheduled audit of the county.

This Letter on Other Matters presents matters other than the findings, if any, reported in the accompanying Schedule of Findings. These matters resulted from our audit of the special-purpose financial statements of Morgan County but do not meet the criteria for inclusion in the written report on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*. Nevertheless, the county should consider these matters and take appropriate corrective action.

### 1. Neighborhood Improvement Districts

As similarly reported in our prior audit, the county may not be handling certain aspects of the neighborhood improvement districts in accordance with state law. The county has included a maintenance levy in the special assessments levied to landowners of the Neighborhood Improvement Districts (NID). The County Commission has authorized the County Collector to withhold assessment funding from the special assessment collections. The special assessments levied on property owners were not based on the final costs of the improvements, but also included estimated maintenance costs. The County Commission changes the special assessments for each NID annually. The County Commission believes these practices comply with the implied authority in state law; however, the County Commission has not obtained a written legal opinion to support its actions.

### 2. Published Financial Statements

Some funds' financial activity was not published in the newspaper as required by state law, Sections 50.800 and 50.810, RSMo 1994.

This Letter on Other Matters is intended for the information of the management of Morgan County, Missouri, and other applicable government officials. However, this letter is a matter of public record and its distribution is not limited.